

No. 13,094

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

ANTONE PAGLIERO and ARTHUR PAGLIERO, general partners doing business as Technical Porcelain & China-ware Co.,

Defendants-Appellants,

vs.

WALLACE CHINA Co., LTD., a corporation,

Plaintiff-Appellee.

PETITION FOR REHEARING.

C. A. MIKETTA,

210 West Seventh Street,
Los Angeles 14, California,

Attorney for Plaintiff-Appellee.

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PETITION FOR REHEARING.

Wallace China Co., Ltd., respectfully and earnestly petitions this Court for rehearing, pursuant to Rule 25 of this Court, on the point of unfair competition arising from the use of the Wallace patterns or ornamentations referred to in Section B of this Court's opinion filed July 1, 1952.

Appellants (Tepco) had appealed from the issuance of preliminary injunction restraining Tepco from copying four chinaware patterns originated by Wallace. Wallace has not had an opportunity of presenting evidence as yet.

The grounds upon which rehearing is requested are the following:

1. This Court's opinion states:

"On the other hand, where the feature or, more aptly, design, is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality and, hence, unrelated to basic consumer demands in connection with the product, imitation may be forbidden where the requisite showing of secondary meaning is made."

"* * * one who copies them (*sic* Wallace patterns) can have no real purpose other than to trade on his competitor's reputation."

The above statements are believed to be true and Wallace respectfully requests that it be given full opportunity, at a trial on the merits, to show that the instant case comes within the rule stated hereinabove and entitling Wallace to relief. Rehearing is therefore respectfully requested and a modification of the opinion is urged so as to permit Wallace to have its day in court.

2. The Court's opinion is based upon a finding of fact, *i. e.*, that a design or ornamentation on a piece of china is functional. This Court, by its opinion, has modified the preliminary injunction upon reaching a conclusion that the designs or patterns in question are functional. Whether ornamentation on a dish is "functional" (as this term is defined in the authorities) or is not functional has not been briefed or argued. Wallace has not had

an opportunity of presenting evidence on this point. Your Honors' opinion does not hold that the District Court abused its discretion; the opinion may prevent Wallace from presenting evidence on the question of functionality. during trial. It is proper for this Court to call attention to this question of functionality of an ornamentation, but it is believed that **such question should be determined upon trial on the merits, after evidence is taken and the point properly briefed and argued.** A rehearing is respectfully urged for the purpose of permitting Wallace to present its views as to the lack of functionality in the patterns. Callmann, an authority on unfair competition, states:

“Functional features are of a technical not an ornamental nature, * * *.” (Callmann, *Unfair Competition and Trade Marks*, Vol. 2, p. 1042; 1945 ed.)

Functional elements have been repeatedly defined as “elements of mechanical construction” which are necessary to permit “practical operation of the article.” Under this test, a handle on a cup is functional, but the ornamentation is not. Ornamentation is not necessary to the mechanical construction or proper functioning of a cup. The ornamentation identifies the source of the article.

3. The question before this Court affects the entire ceramic industry and is of great importance. It is a case of first impression in this Circuit, and your Honors' opinion will control all of the District Courts in this circuit. It is urged that Wallace be given an opportunity

to discuss the question before this Court so that the Court be fully advised.

4. It is further urged that the opinion requires clarification because it is based upon a conclusion as to functionality of a pattern or ornamentation and the two cases from which such conclusion has been derived by this Court have been characterized by Callmann (Unfair Competition and Trademarks, cited in the opinion) as “* * * contrary to the weight of authority * * *.” (Callmann Note 4, Sec. 77.4(e)(3), p. 1041.)

It is doubted whether your Honors, by the opinion in this case, want to overrule the rule expressed in *Brooks v. Great Atlantic & Pacific Tea Co.*, 92 F. 2d 794 (C. A. 9). There your Honors found unfair competition and stated that

“* * * the test is, when such goods are not placed side by side, would an ordinarily prudent purchaser be liable to purchase the one, believing that he was purchasing the other.” (Quoting *McDonald v. Mueller* 183 Fed. 972, 974, and also quoting from *Chesebrough Manufacturing Co. v. Old Gold Chemical Co., Inc.*, 70 F. 2d 383, 385.)

Here, the record shows that purchasers were deceived [R. 36 and 49]. They were deceived by the defendants' appropriation of plaintiff's property.

“The command ‘THOU SHALT NOT STEAL!’ is as much a portion of the law of the courts of equity as it is of courts of law.”

Gines v. Cooper & Co., 14 Ch. Div. 596.

Stealing should not be condoned under the guise of free competition.

5. It is submitted that in this case there exists not only copying, but **copying coupled with dishonest conduct** and overreaching by defendants, and therefore the case is squarely within the rule of *International News Service v. Associated Press*, 248 U. S. 215. The cases referred to in *Cheney Brothers v. Doris Silk Corporation*, 35 F. 2d 279 at 280, included dishonest acts not present in the *Cheney* case and for that reason distinguished from *Cheney*.

Moreover, it appears that your Honors have overlooked paragraph 9 of the complaint in this case [R. 6-7]. Defendants did more than copy the Wallace patterns; paragraph 9 of the complaint charges defendants with a premeditated, willful and dishonest course of conduct, wherein (1) defendants conspired with an engraver (employed by Wallace) to have such engraver make rollers from which the copies are printed, and (2) defendants then made and sold copies under Wallace trademarks.

Defendants' complete course of conduct, the combined effect of defendants' acts, should be considered.

DISCUSSION.

It is respectfully urged that a rehearing be granted in the instant case because of its great importance. This is the first case in which an Appellate Court has been asked to determine whether the copying of an ornamentation on chinaware, **coupled with** an appropriation of trade-marks, constitutes unfair competition. The District Court had granted a preliminary injunction restraining Tepco from using the trade names and from using the specific patterns. The injunction has been stayed pending appeal and therefore defendants are not prejudiced by the additional time which will be consumed in rehearing this case.

Because of its primary character, this case is of great importance not only to Wallace China Co., Ltd., but to all manufacturers of chinaware. The decision of this Court will control the actions of the District Courts.

Unfortunately, although this Court's opinion is based upon the conclusion that the ornamentation given a dish is functional, neither of the parties have heretofore contended that the patterns were functional, and this question has not been briefed or argued.

A restaurant purchases dishes because there is a primary need for dishes, for plates, for cups and saucers. The purpose or use of the dishes as receptacles or containers for food and drink is paramount.

The decoration or ornamentation on a dish does not “* * * promote efficiency for the purpose to which it is devoted.” (*Marvel & Co. v. Pearl*, 133 Fed. 160, C. C. A. 2). Such decoration is not functional. As long as a cup has a functional handle it performs the purpose for which it is bought irrespective of the ornamentation which may be applied to its outer surface.

It is urged that the ornamentation or pattern carried by a cup or a plate is decorative embellishment. The Shadow Leaf pattern may appeal to some and the Tweed pattern may appeal to others. A restaurant owner may purchase the Tweed pattern because it conforms to the color scheme and decor of his restaurant whereas another restaurant keeper may prefer the Shadow Leaf pattern because of the semi-tropical decor of his restaurant. In both instances, however, dishes are bought because there is a need for dishes, cups and saucers as containers for food.

It is urged that to hold the ornamentation on a cup or saucer to be functional would be for this Court to judicially hold that a person purchases dishes not because he needs dishes for the purpose of serving food thereon, but because the particular pattern on the dish performs some unknown function upon the purchaser's ego or aesthetic sense.

It is therefore urged that this case be set for rehearing and Wallace be given an opportunity of discussing the question of functionality, it being sincerely urged and contended by Wallace that the ornamentation on a dish is not functional, that the instant case differs in fact from the cases referred to in this Court's opinion and that the opinion should be modified to let the preliminary injunction stand, whereby the District Court can try the case on the merits, during which the parties will have full opportunity to present evidence and defend on the questions of secondary meaning and functionality.

Dated this 24th day of July, 1952.

C. A. MIKETTA,

Attorney for Plaintiff-Appellee.

Certificate of Counsel.

It is hereby certified that the above petition for rehearing and modification is made in good faith, is well founded and is not interposed for purposes of delay.

C. A. MIKETTA,
Attorney for Wallace China Co., Ltd.